

## Appropriation: Helium Fund and Operations

### ACTIVITY SUMMARY

*The Helium Act Amendments of 1960, Public Law 86-777 (50 U.S.C. 167), authorized activities to provide sufficient helium to meet the current and foreseeable future needs of essential government activities. The Helium Privatization Act of 1996, Public Law 104-273, discontinued production and sale of refined helium. Proposed regulations are being drafted to facilitate administration and implementation of other provisions granted under 50 U.S.C. 167.*

## Summary of Requirements (\$000)

| Comparison<br>by Activity/<br>Subactivity   | 2002<br>Actual |                | 2003<br>Estimate |                | Uncontrollable<br>&<br>Related<br>Changes<br>(+/-) |          | Program<br>Changes<br>(+/-) |               | 2004<br>Budget<br>Request |                | Inc(+)<br>Dec(-)<br>from 2003 |               |
|---|----------------|----------------|------------------|----------------|--|----------|-----------------------------|---------------|---------------------------|----------------|-------------------------------|---------------|
|   | FTE            | Amount         | FTE              | Amount         | FTE  | Amount   | FTE                         | Amount        | FTE                       | Amount         | FTE                           | Amount        |
| <b>Helium Fund*</b>   | <b>51</b>      | <b>15,000</b>  | <b>49</b>        | <b>22,000</b>  | <b>0</b>   | <b>0</b> | <b>0</b>                    | <b>+3,000</b> | <b>49</b>                 | <b>25,000</b>  | <b>0</b>                      | <b>+3,000</b> |
| <b>Offsetting<br/>Collections*</b>  |                | <b>-15,000</b> |                  | <b>-22,000</b> |  |          |                             | <b>-3,000</b> |                           | <b>-25,000</b> |                               | <b>-3,000</b> |
| <b>OPERATING<br/>PROGRAMS:</b>  | <b>51</b>      | <b>14,000</b>  | <b>49</b>        | <b>21,000</b>  | <b>0</b>   | <b>0</b> | <b>0</b>                    | <b>+3,000</b> | <b>49</b>                 | <b>24,000</b>  | <b>0</b>                      | <b>+3,000</b> |
| Production & Sales  | 17             | 0              | 16               | 0              | 0  | 0        | 0                           | 0             | 16                        | 0              | 0                             | 0             |
| Transmission & Storage Operations   | 20             | 3,000          | 20               | 10,000         | 0  | 0        | 0                           | +3,000        | 20                        | 13,000         | 0                             | +3,000        |
| Administrative & Other Expenses   | 14             | 10,500         | 13               | 10,500         | 0  | 0        | 0                           | 0             | 13                        | 10,500         | 0                             | 0             |
| Closure   | 0              | 500            | 0                | 500            | 0  | 0        | 0                           | 0             | 0                         | 500            | 0                             | 0             |
| <b>CAPITAL<br/>INVESTMENT:</b>  | <b>0</b>       | <b>1,000</b>   | <b>0</b>         | <b>1,000</b>   | <b>0</b>   | <b>0</b> | <b>0</b>                    | <b>0</b>      | <b>0</b>                  | <b>1,000</b>   | <b>0</b>                      | <b>0</b>      |
| Land, Structures, & Equipment   | 0              | 1,000          | 0                | 1,000          | 0  | 0        | 0                           | 0             | 0                         | 1,000          | 0                             | 0             |
| * These numbers represent the most current estimates, and may not necessarily match data in the MAX System. |                |                |                  |                |  |          |                             |               |                           |                |                               |               |

## Activity: Helium Fund and Operations

### Activity Summary (\$000)

|                           | 2002<br>Actual<br>Amount | 2003<br>Estimate<br>Amount | Uncontrollable &<br>Related<br>Changes<br>(+/-)<br>Amount | Program<br>Changes<br>(+/-)<br>Amount | 2004<br>Budget<br>Request<br>Amount | Inc(+)<br>Dec(-)<br>from 2003<br>Amount |
|---------------------------|--------------------------|----------------------------|---|---------------------------------------|-------------------------------------|---|
| Helium<br>Fund            | 15,000                   | 22,000                     | 0   | +3,000                                | 25,000                              | 3,000                                   |
| Offsetting<br>Collections | -15,000                  | -22,000                    | 0   | -3,000                                | -25,000                             | -3,000                                  |
| FTE                       | 51                       | 49                         | 0   | 0                                     | 49                                  | 0                                       |

### 2004 PROGRAM OVERVIEW

In 2004, the Helium program supports the Resource Use mission goal from the Department's Draft Strategic Plan by providing helium requirements of essential Federal government programs. The BLM New Mexico Field Office located in Amarillo, Texas will accomplish this objective through crude helium transmission and storage of Federal and private crude helium via the helium storage system; the administration of the sale of crude helium (coordinated with the private helium industry so as not to disrupt the helium market); the evaluation of helium resources; and the administration of helium extracted from Federal lands. The helium storage system ensures that excess helium produced from natural gas processing plants connected to the pipeline network is conserved for future use. Federally owned natural gas containing marketable helium reserves will be identified and contracted for sale or royalty to enhance conservation of crude helium already in storage.

The *Helium Privatization Act of 1996*, P.L. 104-273, significantly changed the objectives and functions of this program. This legislation established revised guidelines for the helium program. Specifically, it directed BLM to:

- Continue the storage and transmission of crude helium.
- Sell the crude helium reserve over an extended period.
- Oversee production of helium on Federal lands.
- Conduct a National Academy of Sciences study on helium issues.

As of October 2001, the legislation has resulted in the reduction of personnel from 173 (in 1997) to 49, cessation of refining functions, and initiation of orderly disposal of the excess property. Remaining severance costs, annual leave reimbursement, and environmental cleanup costs will add to the funds typically required in a normal year. These costs are expected to be variable, depending on the effects of personnel reductions and on the results of environmental assessments of the decommissioned production facilities. Divestiture of the Amarillo and Exell

plant sites will be influenced, in part, on the results of the Environmental Site Assessments. Based on findings from Phase One Environmental Site Assessments, no significant environmental cost increases are expected.

In 2004, the program will continue to meet the needs of Federal customers through "in-kind" crude helium sales to Federal helium suppliers and open market sales in accordance with the *Helium Privatization Act of 1996*. The income derived from crude helium sales, from private helium storage, and from fee sales/royalty payments for helium extracted from Federal lands will pay the full costs of the program.

In 2004, the Helium program will:

- Continue storage and transmission of crude helium.
- Administer helium fee and royalty contracts for helium extracted from gas produced on Federal lands.
- Administer the in-kind and open market crude helium gas sale programs.
- Conduct helium resource evaluation and reserve tracking to determine the extent of helium Resources.
- Complete the disposal of helium refining-related facilities not needed for the storage and transmission of crude helium.

### JUSTIFICATION OF 2004 PROGRAM CHANGES

| 2004 PROGRAM CHANGES                 |                           |                             |
|--------------------------------------|---------------------------|-----------------------------|
|                                      | 2004<br>Budget<br>Request | Program<br>Changes<br>(+/-) |
| Helium Fund<br>(\$000)               | 25,000                    | +3,000                      |
| Offsetting<br>Collections<br>(\$000) | -25,000                   | -3,000                      |
| FTE                                  | 49                        | 0                           |

The 2004 budget request for the Helium Fund and Operations is \$25,000,000 and 49 FTE, a program change of +\$3,000,000 from the 2003 requested level. This change is offset by \$3,000,000 in additional collections.

In 2003 and 2004, in conjunction with private industry, there will be a new compression system and a helium enrichment unit added to the facilities at the Cliffside Gas Field. These additions will ensure the maximum amount of helium can be provided the most efficient and timely way possible.

## Budget Schedules

### SUMMARY OF REQUIREMENTS OF BUDGET AUTHORITY BY OBJECT CLASS (MILLION \$)

| Object Class   | 2003<br>Enacted to Date |           | Uncontrollable<br>& Related<br>Changes |          | Program<br>Changes |          | 2004<br>Request |           |
|--|-------------------------|-----------|--|----------|--------------------|----------|-----------------|-----------|
|  | FTE                     | Amount    | FTE                                    | Amount   | FTE                | Amount   | FTE             | Amount    |
| 11.1 Full-Time Permanent                                 |                         | 3         |  | 0        |                    | 0        |                 | 3         |
| 11.3 Other than Full-Time Permanent                      |                         | 1         |  | 0        |                    | 0        |                 | 1         |
| 11.5 Other Personnel Compensation                        |                         |           |  |          |                    |          |                 | 0         |
| <b>11.9 Total Personnel Compensation</b>                 | <b>49</b>               | <b>4</b>  | <b>0</b>                               | <b>0</b> | <b>0</b>           | <b>0</b> | <b>49</b>       | <b>4</b>  |
| 12.1 Civilian Personnel Benefits                         |                         | 1         |  | 0        |                    | 0        |                 | 1         |
| 23.3 Communications, utilities and miscellaneous charges |                         | 1         |  |          |                    |          |                 | 1         |
| 25.2 Other services                                      |                         | 11        |  | 0        |                    | 0        |                 | 11        |
| 25.4 Operation and Maintenance of Facilities             |                         | 2         |  | 0        |                    | 0        |                 | 2         |
| 31.0 Equipment   |                         | 1         |  | 0        |                    | 0        |                 | 1         |
| 32.0 Lands & Structures                                  |                         | 2         |  |          |                    | 3        |                 | 5         |
| <b>99.9 Total</b>  | <b>49</b>               | <b>22</b> | <b>0</b>                               | <b>0</b> | <b>0</b>           | <b>3</b> | <b>49</b>       | <b>25</b> |

### PROGRAM AND FINANCING (MILLION \$)

| Identification code:<br>14-4053-0-2-302   | 2002<br>actual | 2003<br>enacted to<br>date | 2004<br>estimate |
|---|----------------|----------------------------|------------------|
| Obligations by program activity:          |                |                            |                  |
| Operating program:                        |                |                            |                  |
| 00.01 Production and Sales                | 6              | 6                          | 6                |
| 00.02 Transmission and storage            | 2              | 2                          | 2                |
| 00.03 Administrative and other expenses \ | 3              | 3                          | 3                |
| 00.91 Total operating program             | 11             | 11                         | 11               |
| Capital investment:                       |                |                            |                  |
| 00.04 Land, structures and equipment      | 1              | 1                          | 1                |
| 10.00 Total obligations                   | 12             | 12                         | 12               |

| Identification code:<br>14-4053-0-2-302                            | 2002<br>actual | 2003<br>enacted to<br>date | 2004<br>estimate |
|--|----------------|----------------------------|------------------|
| Budgetary resources available for obligation:                      |                |                            |                  |
| Unobligated balance available, start of year:                      |                |                            |                  |
| 21.40 Unobligated balance carried forward, start of year           | 42             | 40                         | 39               |
| 22.00 New budget authority (gross)                                 | 19             | 21                         | 21               |
| 22.60 Portion applied to repay debt                                | -10            | -10                        | -10              |
| 23.90 Total budgetary resources available for obligations          | 51             | 51                         | 50               |
| 23.95 Total new obligations  | -12            | -12                        | -12              |
| 24.40 Unobligated balance available, end of year                   | 40             | 39                         | 38               |
| New budget authority (gross), detail:                              |                |                            |                  |
| Mandatory:   |                |                            |                  |
| Spending authority from offsetting collections:                    |                |                            |                  |
| 69.00 Offsetting collections (cash)                                | 21             | 21                         | 21               |
| 69.10 Change in uncollected customer payments from Federal sources | -2             | 0                          | 0                |
| 69.90 Total new budget authority (gross)                           | 19             | 21                         | 21               |
| Change in unpaid obligations:                                      |                |                            |                  |
| Unpaid obligations, start of year:                                 |                |                            |                  |
| 72.40 Unpaid obligations, start of year                            | -6             | 1                          | 0                |
| 73.10 Total new obligations  | 12             | 12                         | 12               |
| 73.20 Total outlays (gross)  | -7             | -14                        | -13              |
| Unpaid obligations, end of year                                    |                |                            |                  |
| 74.00 Change in uncollected customer payments from Federal sources | 2              | 0                          | 0                |
| 74.40 Unpaid obligations, end of year                              | 1              | 0                          | 0                |
| Outlays (gross), detail:   |                |                            |                  |
| 86.97 Outlays from new mandatory authority                         | 5              | 7                          | 7                |
| 86.98 Outlays from current mandatory balances                      | 2              | 7                          | 6                |
| 87.00 Total outlays (gross)  | 7              | 14                         | 13               |
| Offsets:   |                |                            |                  |
| Against gross budget authority and outlays:                        |                |                            |                  |
| Offsetting collections (cash) from:                                |                |                            |                  |

| Identification code:<br>14-4053-0-2-302                                       | 2002<br>actual | 2003<br>enacted to<br>date | 2004<br>estimate |
|---|----------------|----------------------------|------------------|
| 88.40 Non-Federal sources   | 21             | 21                         | 21               |
| Against gross budget authority only:  |                |                            |                  |
| 88.95 From Federal sources: Changes in receivable and unpaid, unfilled orders | -2             | 0                          | 0                |
| Net budget authority and outlays:   |                |                            |                  |
| 89.00 Budget authority  | 0              | 0                          | 0                |
| 90.00 Outlays.  | -14            | -7                         | -8               |

**OBJECT CLASSIFICATION (MILLION \$)**

| Identification code:<br>14-4053-0-2-302                     | 2002<br>actual | 2003<br>enacted to<br>date | 2004<br>estimate |
|---|----------------|----------------------------|------------------|
| Reimbursable obligations:                                   |                |                            |                  |
| 11.3 Personnel compensation: other than full-time permanent | 4              | 4                          | 4                |
| 11.9 Total personnel compensation                           | 4              | 4                          | 4                |
| 12.1 Civilian personnel benefits                            | 2              | 2                          | 2                |
| 25.7 Operation and maintenance of equipment                 | 4              | 4                          | 4                |
| 31.0 Equipment  | 2              | 2                          | 2                |
| 99.9 Total new obligations                                  | 12             | 12                         | 12               |

**PERSONNEL SUMMARY**

| Identification code:<br>14-4053-0-2-302          | 2002<br>actual | 2003<br>enacted to<br>date | 2004<br>estimate |
|--|----------------|----------------------------|------------------|
| Direct Programs:                                 |                |                            |                  |
| Full-time equivalent employment                  | 51             | 49                         | 49               |
| FTE inherently governmental (civilian) [non-add] | 36             | 35                         | 35               |
| FTE commercial (civilian) [non-add]              | 15             | 14                         | 14               |

**BALANCE SHEET (MILLIONS \$)**

| Identification code:<br>14-4053-0-4-302          | 2001<br>actual | 2002<br>actual | 2003<br>enacted to<br>date | 2004<br>estimate |
|--|----------------|----------------|----------------------------|------------------|
| ASSETS: Federal assets                           |                |                |                            |                  |
| 1101 Federal assets: Fund balances with Treasury | 43             | 36             | 26                         | 21               |
| Other Federal assets                             |                |                |                            |                  |
| 1802 Inventories and related properties          | 355            | 355            | 355                        | 336              |
| 1803 Property, plant and equipment, net          | 10             | 10             | 10                         | 10               |
| 1999 Total assets                                | 408            | 401            | 391                        | 367              |
| LIABILITIES Federal liabilities                  |                |                |                            |                  |
| 2102 Interest payable                            | 1,030          | 1,030          | 1020                       | 1010             |
| 2103 Debt  | 289            | 289            | 289                        | 289              |
| 2299 Total liabilities                           | 1,319          | 1,319          | 1,309                      | 1,299            |
| NET POSITION                                     |                |                |                            |                  |
| 3300 Cumulative results of operations            | -911           | -918           | -918                       | -932             |
| 3999 Total net position                          | -911           | -918           | -918                       | -932             |
| 4999 Total liabilities and net position          | 408            | 401            | 391                        | 367              |

**STATEMENT OF OPERATIONS (MILLIONS \$)**

| Identification code:<br>14-4053-0-4-302 | 2001<br>actual | 2002<br>actual | 2003<br>enacted to<br>date | 2004<br>estimate |
|---|----------------|----------------|----------------------------|------------------|
| Sales program:                          |                |                |                            |                  |
| 0101 Revenue                            | 18             | 15             | 15                         | 15               |
| 0102 Expense                            | -6             | -8             | -8                         | -8               |
| 0105 Net income or loss                 | 12             | 7              | 7                          | 7                |